

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

	X	
	:	
In re	:	Chapter 11
	:	
J. C. PENNEY COMPANY, INC., <i>et al.</i> ,	:	Case No. 20–20182 (DRJ)
	:	
Debtors. ¹	:	(Jointly Administered)
	:	
	X	

**VERIFIED STATEMENT OF THE AD HOC GROUP OF FIRST LIENHOLDERS
PURSUANT TO BANKRUPTCY RULE 2019**

Milbank LLP (“Milbank”) and Porter Hedges LLP (“Porter Hedges” and, together with Milbank, “Counsel”) hereby make the following verified statement (this “Verified Statement”), pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), in connection with their representation in these cases of an *ad hoc* group (the “Ad Hoc Group of First Lienholders”) of (i) certain lenders (“Term Loan Lenders”) under that certain Amended and Restated Credit and Guaranty Agreement, dated as of June 23, 2016 (as amended, restated, modified, or supplemented from time to time, the “Term Loan”), by and among, *inter alios*, J. C. Penney Corporation, Inc. (“J. C. Penney Corp.” and, together with certain of its direct and indirect subsidiaries, the “Debtors”), as borrower, and the Term Loan Lenders and (ii) certain holders of 5.875% senior secured notes due July 2023 issued by J. C. Penney Corp. on June 23, 2016 (“First Lien Notes” and collectively with the Term Loan Agreement, the “Prepetition First Lien Interests”).

¹ A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed claims and noticing agent at <http://cases.primeclerk.com/JCPenney>. The location of Debtor J. C. Penney Company, Inc.’s principal place of business and the Debtors’ service address in these chapter 11 cases is 6501 Legacy Drive, Plano, Texas 75024.

1. In May 2020, the Ad Hoc Group of First Lienholders retained Milbank as counsel, and Porter Hedges to act as Texas counsel, with respect to the Prepetition First Lien Interests. From time to time thereafter, certain holders of Prepetition First Lien Interests have joined the Ad Hoc Group of First Lienholders.

2. As of the date of this Verified Statement, Counsel represents the Ad Hoc Group of First Lienholders and does not represent or purport to represent any entities other than the Ad Hoc Group of First Lienholders in connection with the Debtors' cases. In addition, neither the Ad Hoc Group of First Lienholders nor any member of the Ad Hoc Group of First Lienholders represents or purports to represent any other entities in connection with these cases.

3. The members of the Ad Hoc Group of First Lienholders have indicated to Counsel that they hold disclosable economic interests or they or one or more of their affiliates act as investment managers or advisors to funds and/or accounts that hold disclosable economic interests in relation to the Debtors. In accordance with Bankruptcy Rule 2019 and based upon information provided to Counsel by each member of the Ad Hoc Group of First Lienholders, attached hereto as **Exhibit A** is a list of the names, addresses, nature, and amount of disclosable economic interests of each present member of the Ad Hoc Group of First Lienholders in relation to the Debtors.

4. Nothing contained in this Verified Statement (or **Exhibit A** hereto) should be construed as a limitation upon, or waiver of, any rights of any member of the Ad Hoc Group of First Lienholders to assert, file, and/or amend any claim or proof of claim, filed in accordance with applicable law and any orders entered in these cases.

5. The information contained herein is provided only for the purpose of complying with Bankruptcy Rule 2019 and is not intended for any other use or purpose.

6. Counsel reserves the right to amend this Verified Statement as may be necessary in accordance with the requirements set forth in Bankruptcy Rule 2019.

7. The undersigned hereby verifies that this Verified Statement is true and accurate to the best of the undersigned's knowledge and belief.

Dated: June 4, 2020
Houston, Texas

PORTER HEDGES LLP

/s/ John F. Higgins

John F. Higgins (TX 09597500)
M. Shane Johnson (TX 24083263)
1000 Main St., 36th Floor
Houston, TX 77002
Telephone: (713) 226-6000
Facsimile: (713) 228-1331
jhiggins@porterhedges.com
sjohnson@porterhedges.com

-and-

MILBANK LLP

Dennis F. Dunne (admitted *pro hac vice*)
55 Hudson Yards
New York, NY 10001-2163
Telephone: (212) 530-5000
Facsimile: (212) 530-5219
DDunne@milbank.com

Andrew M. Leblanc (admitted *pro hac vice*)
Aaron L. Renenger (admitted *pro hac vice*)
1850 K Street NW, Suite 1100
Washington, DC 20006
Telephone: (202) 835-7500
Facsimile: (202) 263-7586
ALeblanc@milbank.com
AReneneger@milbank.com

Co-Counsel to the Ad Hoc Group of First Lienholders

Exhibit A¹

<u>NAME</u> ²	<u>ADDRESS</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF TERM LOAN</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF FIRST LIEN NOTES</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF SECOND LIEN NOTES</u> ³	<u>AGGREGATE PRINCIPAL AMOUNT OF UNSECURED BONDS</u> ⁴	<u>OTHER</u>
Apollo Capital Management, L.P.	9 West 57th Street, 43rd Floor, New York, NY 10019	\$5,734,811.94				
Ares CLO Management LLC	2000 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067	\$38,295,643.86				
Brigade Capital Management, LP	399 Park Avenue, 16th Floor, New York, NY 10022	\$88,198,267.54	\$15,400,000.00	\$50,000.00	\$104,608,000.00	\$21,150,000.00 net credit default swap position
H/2 Capital Partners LLC	680 Washington Blvd., 7th Floor, Stamford, CT 06901	\$639,625,720.00	\$11,988,000.00			

¹ To the best of Counsel's knowledge, the information herein is accurate as of May 15, 2020. The amounts set forth herein (i) include only the outstanding principal amounts of the applicable debt and do not include accrued and unpaid interest, fees, or other amounts that may be owing under the applicable debt documents, and (ii) assume that any unsettled trades have in fact settled.

² Each entity on this Exhibit A is listed either in its principal capacity or in its capacity as agent, investment advisor, or investment manager for certain investment funds, entities, or accounts or their respective subsidiaries or affiliates that hold disclosable economic interests in relation to the Debtors.

³ "Second Lien Notes" means those certain 8.625% second lien secured notes due March 2025 issued by J. C. Penney Corp.

⁴ "Unsecured Bonds" means, collectively, those certain (i) 5.65% senior unsecured notes due 2020 issued by J. C. Penney Corp. and J. C. Penney Company ("J. C. Penney Co."), Inc., (ii) 7.125% unsecured debentures due 2023 issued by J. C. Penney Corp., (iii) 6.90% unsecured debentures due 2026 issued by J. C. Penney Corp., (iv) 6.375% senior unsecured notes due 2036 issued by J. C. Penney Corp. and J. C. Penney Co., (v) 7.40% unsecured debentures due 2037 issued by J. C. Penney Corp., and (vii) 7.625% unsecured debentures due 2097 issued by J. C. Penney Corp. and J. C. Penney Co.

<u>NAME²</u>	<u>ADDRESS</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF TERM LOAN</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF FIRST LIEN NOTES</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF SECOND LIEN NOTES³</u>	<u>AGGREGATE PRINCIPAL AMOUNT OF UNSECURED BONDS⁴</u>	<u>OTHER</u>
KKR Credit Advisors (US) LLC	555 California Street, 51st Floor, San Francisco, CA 94104	\$75,086,679.88		\$4,250,000.00		
Owl Creek Asset Management, L.P.	640 Fifth Ave, Floor 20, New York, NY 10019	\$98,798,170.00	\$57,175,000.00			\$29,800,000.00 net credit default swap position
Sculptor Capital LP	9 West 57th Street, 39th Floor, New York, NY 10019	\$66,261,056.68	\$22,000,000.00	\$31,371,000.00		\$109,700,000.00 net credit default swap position
Silver Point Capital, L.P.	2 Greenwich Plaza, 1st Floor, Greenwich, CT 06830	\$125,364,556.16	\$91,140,000.00			
Sixth Street Partners, LLC	345 California Street, San Francisco, CA 94104	\$93,107,711.28	\$65,800,000.00			
Whitebox Advisors LLC	3033 Excelsior Blvd, Ste 500, Minneapolis, MN 55416	\$2,732,320.20	\$53,490,000.00	\$11,600,000.00		\$10,600,000.00 net credit default swap position
TOTALS		\$1,233,204,937.54	\$316,993,000.00	\$47,271,000.00	\$104,608,000.00	